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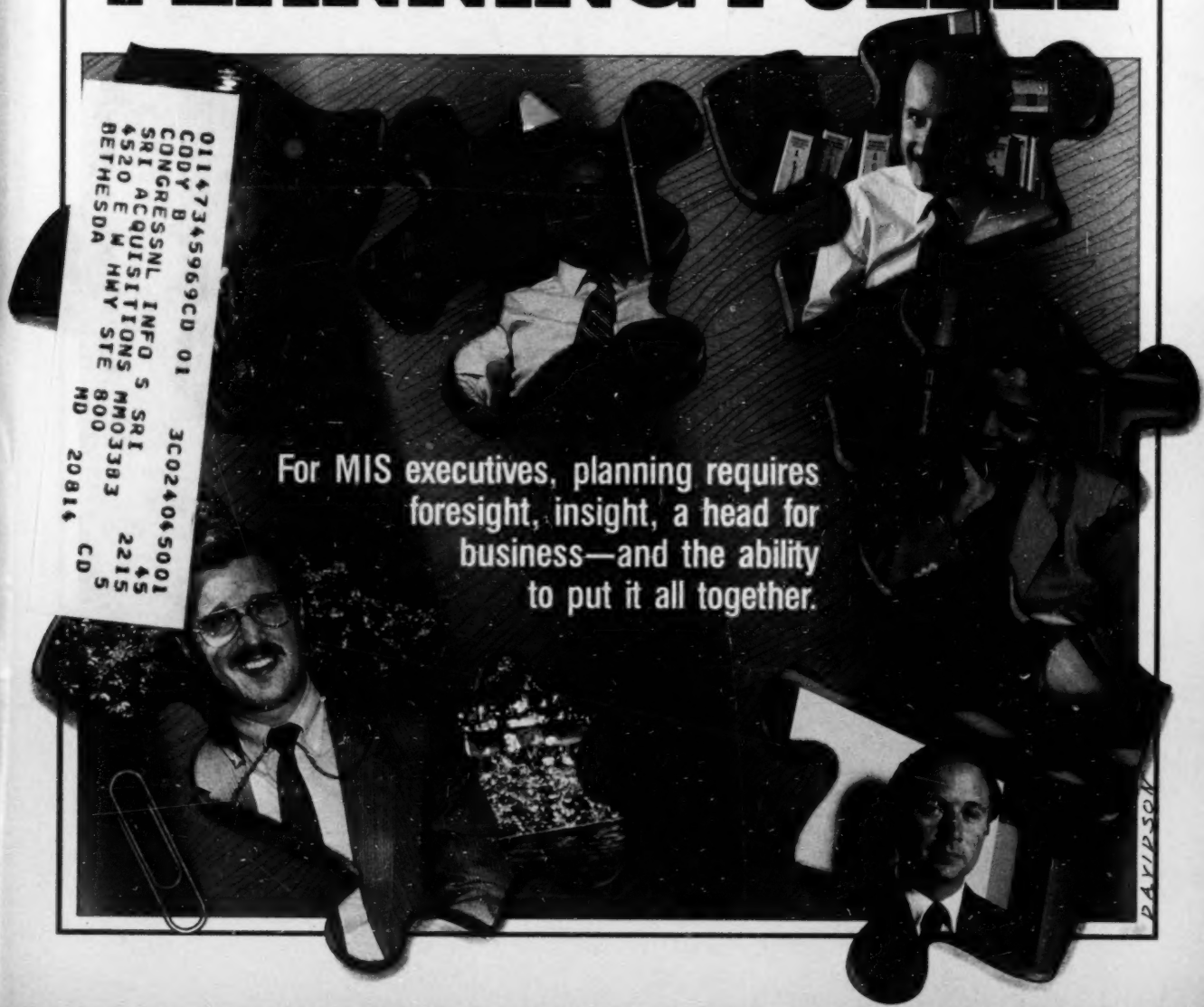
SEPTEMBER 30, 1986

SPECIAL ISSUE

COMPUTER DECISIONS®
THE MAGAZINE FOR MIS EXECUTIVES
A HAYDEN PUBLICATION

SOLVING THE MIS PLANNING PUZZLE



For MIS executives, planning requires foresight, insight, a head for business—and the ability to put it all together.

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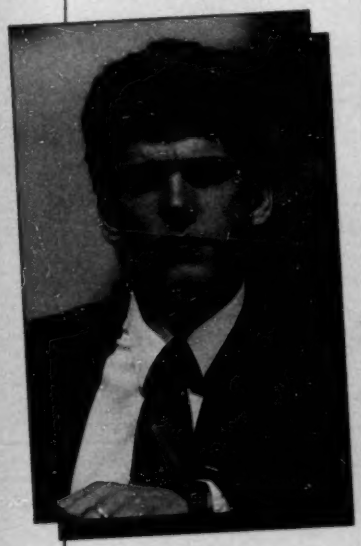

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Computer Decisions (USPS 771-040 ISSN 0010-4558) is published biweekly except three issues in September and October for $65 per year by Hayden Publishing Co., Inc., 10 Mulholland Dr., Hasbrouck Heights, NJ 07604. Second-class postage paid at Hackensack, NJ 07602, and additional mailing offices. POSTMASTER: Send address change to *Computer Decisions*, P.O. Box 1031, Southeastern, PA 19398. For subscription information, please call (215) 337-8623.

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Cover illustration: Everett Davidson

Copies printed: 182,647

BUDGET BOOSTS

MIS/DP SPENDING CONTINUES UP

Spending on computers, software, and services by MIS/dp departments rose this year, according to a survey of Data Processing Management Association members. The average MIS/dp budget reported in the survey rose from $2.1 million to $2.6 million, almost a 29 percent increase over the previous year.

Seventy-five percent of respondents enjoyed budget increases this year, and only 7 percent suffered cuts. The remainder reported no change over the previous year.

The DPMA's survey, which covers members in large and small organizations in a variety of industries, provides a broad barometer of spending on information systems. Austin Weber, editor of *Comp-U-Fax*, a DPMA publication, says MIS/dp spending has been rising since the early 1980s, when DPMA began conducting surveys. "More and more companies are beginning to understand the force information systems can be," he says. "They are waking up to their competitors' use of computers to improve efficiency." He expects the trend to continue.

As expected, DPMA survey respondents spent the largest single portion of their budgets—39 percent—on salaries. However, this percentage was a slight decrease from the previous year's 40 percent figure. In descending order of importance, the other major spending categories were large systems hardware, 25 percent, software, 12 percent, micros and data communications, 7 percent each, office systems, 4 percent, training and staff development, 3 percent, and security, 3 percent. The reductions came in software, training, and security.

Many of these findings correspond to those of other surveys of MIS/dp budgets and spending. For example, the latest available quarterly survey of corporate spending from International Data Corp. (Framingham, MA) indicates a slightly higher percentage was spent on hardware, which includes large systems. (See chart.) IDC's survey respondents, however, spent only about 7 percent of their budgets on software, considerably less than the annual total reported in the DPMA survey. This finding could be the result of software price cutting and IDC's narrow focus on the first three months of the year.

The Diebold Group, a New York consultancy, whose biannual survey of MIS/dp spending is due out later this fall, the recent price wars among software vendors are temporary. Diebold projects continually rising costs for applications and systems software, particularly the latter, during the rest of the decade.

One of the factors in the increased spending on data communications charted by most surveys may be a growing number of links between micros and mainframes. Thirty-nine percent of the micros in sites covered by the DPMA's survey are linked to mainframes, and Weber believes the number is growing. DPMA hasn't collected data on micro-to-mainframe links in previous surveys, but Weber believes 25 percent at most of respondents to last year's survey had them.

A small but significant trend identified by the DPMA survey is the growth in end-user programming. Respondents reported that 13 percent of their programming workload will be handled by users in information centers, about double the amount of programming reported in the previous year's survey.

The largest expected annual increase in MIS/dp expenditures, however, is people. Technical specialists, predicts Diebold, will cost 16 percent more each year for the rest of the decade. This will come as little surprise to corporations developing sophisticated communications networks or systems using any one of a variety of "leading edge" programming languages. Already, corporations experimenting with expert systems are finding that programmers who understand Lisp are difficult to find and expensive to employ.

On the downside, Diebold projects a continuation of price reductions for computers and storage devices. The reductions apply to all sizes of computer, from mainframes to micros, and to mainframe disk drives and tape drives.

—Brian Shannon

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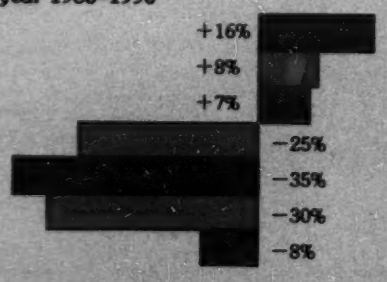
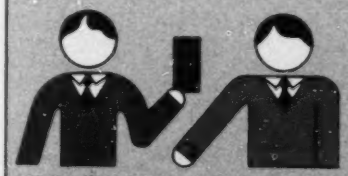
COST PROJECTIONS

Rate change of unit cost per year 1985–1990



Source: The Diebold Group Inc., NY.

WHERE THE MONEY GOES



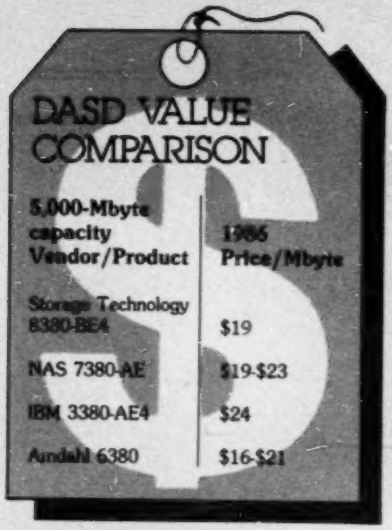
U.S. information systems spending by category

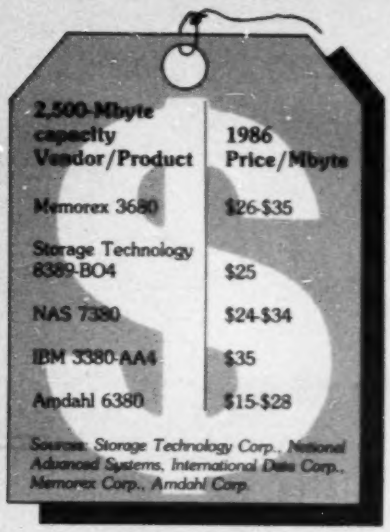
First quarter 1986

	All respondents	Budgets over $10 mil.
dp hardware	28.2%	28.4%
dp software	6.8	6.2
Communications	9.9	10.4
Office systems	3.6	3.6
Factory systems	2.5	2.8
Service bureaus	1.0	0.7
Other outside services	5.1	5.4
Salaries/benefits	35.7	35.5
Other operations	7.1	7.1

Source: International Data Corp.

Charts by Denise Barbieri





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rate use during the next few years. Also, vendors expect new "writing" techniques to increase the maximum density of data storage on magnetic media, he says. On another front, storage costs may fall simply because vendors move their manufacturing operations offshore.

Projections about the future of technology are as valid as any other predictions: No one is sure about the future. In the case of future costs in information processing, says Roche, the factor most likely to send Diebold's projections to the dustbin is the decentralization of computing. End-user computing is the wild card in information systems planning. The effect of all this activity on mainframe demand, software costs, and mainframe disk capacity demands is, well, unpredictable.

—Brian Shannon

REPORT CARDS

WHO'S BOSS? FOR MIS, IT'S FINANCE

High performance and constant change may be the watchwords in MIS/dp, but people change at a slower pace. Despite the movement toward strategic use of information resources, only a small percentage of MIS executives report to top management, according to a survey by the Data Processing Managers Association, Park Ridge, IL.

In a recent survey 66 percent of information executives said they still report to the heads of finance or accounting, a chain of authority consultants predicted would be replaced years ago. Only 15 percent of the respondents said they report to their chief executive officer. (See chart.) The DPMA concludes from the data that most corporations still treat their MIS departments as cost centers not vital to competitive positions.

DPMA did not determine how reporting relationships vary according to size of organization. However, Austin Weber, editor of *Comp-U-Fax*, the DPMA's newsletter, says MIS executives in larger corporations tend to report to executives higher in the organization than their counterparts in small organizations. Medium-sized corporations fall in the middle, with no clear trend in either direction, he says.

(Continued on page 18)

DATA PROCESSING SALARIES 1985-1986

Title	1985	1986	Change %	Real %
Vice president, MIS	$64-94*	$65-94*	+0.6	+0.8**
MIS Director	54-75.5	55-75.5	+0.8	+1.0
Systems & Programming				
Manager	$35-45	$38-46	+3.7	+3.9
Project manager	34-44.5	35.5-45	+3.2	+3.4
Systems analyst	33-40	33-41	+1.4	+1.6
Programmer analyst	25-33	26-35	+5.2	+5.4
Programmer	21-27	22-28	+5.2	+5.4
Technical Services				
Manager	$38-48	$39-49	+2.3	+2.5
Systems programmer	29-39	30-40	+2.9	+3.1
Data Base Support				
DB admin./manager	$34.5-43.5	$35-45	+2.6	+2.8
DB analyst	31-41	31-42	+1.4	+1.6
Telecommunications				
Manager	$34-40	$36-42	+5.4	+5.6
Telecom. specialist	31-36	33-38	+6.0	+6.2
Operations				
Manager	$30-39	$30-40	+1.4	+1.6
Shift supervisor	23.5-30	24-31	+2.8	+3.0
Operator	16.5-21	17.5-22.5	+6.7	+6.9
EDP Audit				
Manager	$33.5-44	$35.5-48	+7.7	+7.9
Senior	28-37	30.5-39	+6.9	+7.1

*Add 000.

**To determine the increase in real terms, compare the percent change with the CPI (Consumer Price Index), a measure of living costs based on changes in certain retail prices. The CPI for 1986 thus far is decreasing at an annual rate of −0.2%, based on the first seven months of the year, according to the U.S. Department of Labor. The CPI was +3.8% in 1985. For another comparison, see the accompanying chart for salary variations from the national average.*

Source: Robert Half International, Inc., NY, NY.

(Continued from page 16)

The survey was weighted toward large and medium corporations, each accounting for 35 percent of the responses.

The survey, which canvassed 1,000 executives in a spectrum of organizations, is the DPMA's first on the subject. The organization estimates that the number of MIS executives reporting to the CEO or chief operating officer is growing slowly.

Weber believes the pace of change in reporting structures will accelerate in the future as young executives who are more comfortable with information systems move into positions of greater responsibility.

The study also found that 67 percent of the members questioned said their corporate information resources are centralized, rather than distributed, while 57 percent have MIS steering committees.

Respondents to the survey don't believe the slow changes in reporting structures mean MIS has earned a bad reputation with upper management. Sixty-five percent said MIS is viewed positively within their organizations. Fifty-nine percent said they are sufficiently paid relative to other executives with similar levels of responsibility. However, recent information on MIS/dp salaries indicates that the rate of increase for top MIS executives shrank.

—Brian Shannon

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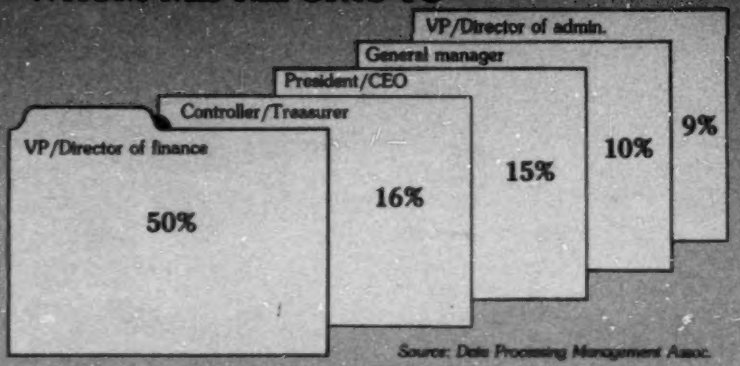
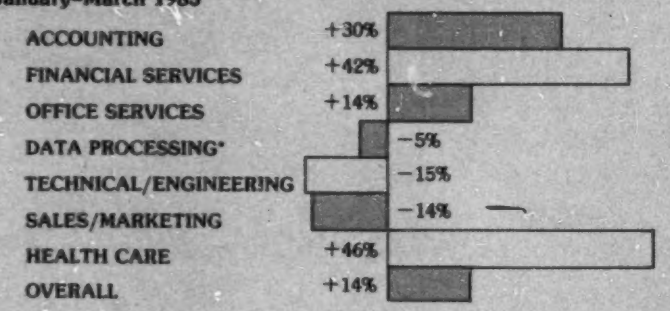
WHOM MIS REPORTS TO



Source: Data Processing Management Assoc.

JOB MARKET DEMAND

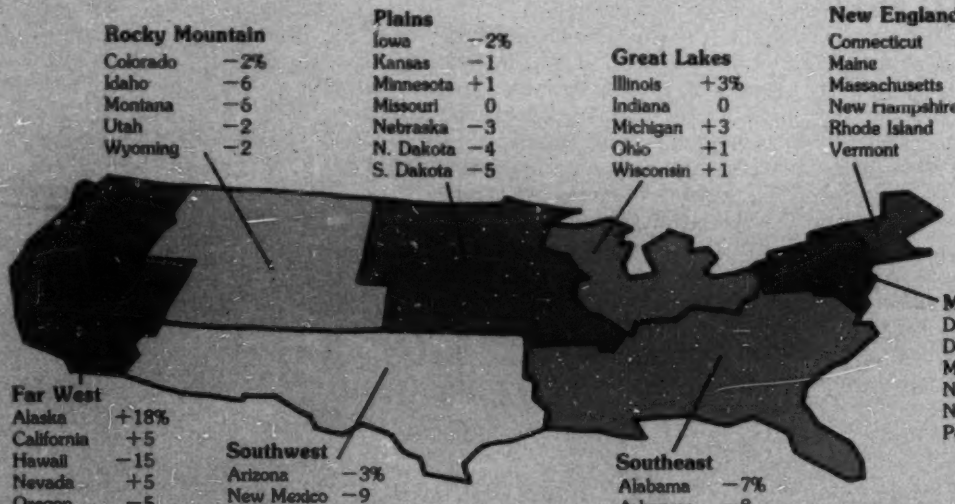
By sector for the period January–March 1986 versus January–March 1985



*Includes personnel in MIS/DP departments. Employees of computer and software vendors are excluded.

Source: National Association of Personnel Consultants (NAPC), Alexandria, VA.

GEOGRAPHIC VARIANCES IN MIS/dp SALARIES



Rocky Mountain

Colorado	−2%
Idaho	−6
Montana	−5
Utah	−2
Wyoming	−2

Plains

Iowa	−2%
Kansas	−1
Minnesota	+1
Missouri	0
Nebraska	−3
N. Dakota	−4
S. Dakota	−5

Great Lakes

Illinois	+3%
Indiana	0
Michigan	+3
Ohio	+1
Wisconsin	+1

New England

Connecticut	+5%
Maine	−10
Massachusetts	+3
New Hampshire	−1
Rhode Island	0
Vermont	−6

Mideast

Delaware	0%
D.C.	+1
Maryland	0
New Jersey	+2
New York	+3
Pennsylvania	0

Far West

Alaska	+18%
California	+5
Hawaii	−15
Nevada	+5
Oregon	−5
Washington	+2

Southwest

Arizona	−3%
New Mexico	−9
Oklahoma	−2
Texas	+1

Southeast

Alabama	−7%
Arkansas	−8
Florida	−9
Georgia	−4
Kentucky	−4
Louisiana	−8
Mississippi	−10
N. Carolina	−8
S. Carolina	−8
Tennessee	−9
Virginia	0
West Virginia	−9

Percentage variations from the national average. Source: Robert Half Int'l.